

Message Text

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64

ACTION EB-11

INFO OCT-01 ARA-16 EA-11 ISO-00 AGR-20 CIAE-00 COME-00

INR-10 LAB-06 NSAE-00 RSC-01 SP-03 STR-08 TRSE-00

SWF-02 CIEP-02 OMB-01 SAM-01 PA-04 PRS-01 USIA-15

DRC-01 /114 W

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R 112020Z JUL 74

FM AMEMBASSY SAN SALVADOR

TO SECSTATE WASHDC 5953

INFO AMEMBASSY TOKYO

AMEMBASSY GUATEMALA

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMEMBASSY LA PAZ

AMEMBASSY MEXICO

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EO 11652/ N/A

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TAGS: EAGR, ETRD

SUBJ: COTTON FUTURES CONTRACTS

REF: SAN SALVADOR 2717

1. AN INFORMED SOURCE TELLS US THAT THE COTTON COOPERATIVE REPRESENTATIVES WHO WENT TO TOKYO THIS WEEK TO DISCUSS COTTON FUTURES CONTRACTS (REFTEL) WENT WITH HATS IN HAND. HE STATES THAT HUMIDITY AT STORAGE FACILITIES HAS CAUSED DISCOLORATION OF A SIZEABLE (BUT UNSPECIFIED) AMOUNT OF COTTON, THUS REDUCING ITS SALES APPEAL, AND MAKING IT LIKELY THAT LOCAL REPRESENTATIVES WILL HAVE TO SETTLE FOR SALES TO JAPANESE AT PRICES CLOSE TO THOSE CONTRACTED.

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2. THERE HAS BEEN INCREASING CRITICISM OF THE COOPERATIVE'S

MANAGEMENT FOR ITS UNWILLINGNESS EARLY IN THE GAME TO SELL IN SMALL AMOUNTS; THE FEELING BEING THAT IF QUANTITIES OF 10 THOUSAND AND FEWER BALES HAD BEEN SOLD FOR THE BEGINNING, THE WHOLE CROP WOULD HAVE BEEN SOLD BY NOW AT ATTRACTIVE PRICES. SALES TO DATE (NOT INCLUDING THE UNCONFIRMED 45,000 BALE SALE REPORTED IN REFTTEL)--TOTAL 76,000 BALES. THE INDIVIDUAL SALES WERE:

COUNTRY	QUANTITY
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FRANCE	33,000 BALES
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ROMANIA	25,000
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USA	13,000
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HUNGARY	5,000
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76,000

THESE 76,000 BALES AND THE POSSIBLE CONTRACTING OF ANOTHER 45,000 WOULD BRING TOTAL SALES SO FAR OF 1973-74 COTTON TO 121,000 BALES. ROUGHLY 234,000 BALES HAD BEEN COVERED BY THE ORIGINAL CONTRACTS, BUT AT THIS POINT EL SALVADOR WOULD ONLY HAVE ABOUT 141,000 BALES WITH WHICH TO MEET ANY RENEWED COMMITMENT WITH JAPANESE BROKERS. THIS WOULD UNDOUBTEDLY BE A POINT OF SOME CONTENTION IF, INDEED, THE PURPOSE OF THE TRIP IS TO OFFER TO REVERT TO THE ORIGINAL CONTRACTS OR SOMETHING CLOSE THERETO. CAMPBELL

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